

# **PNUCC**REPORT Council



## **Northwest Power and Conservation Council**

**Meeting Notes**

**November 14 and 15, 2017**

**Coeur d'Alene, Idaho**

Coeur d'Alene's Council meeting may have set a record for brevity, but a riveting talk by former BPA Administrator and Seattle City Light general manager Randy Hardy provided a highlight to an otherwise low-key agenda. Incidentally, Hardy's first job in the region was as PNUCC's executive director.

Hardy held court with a freewheeling overview on the possible impact of the California solar surplus on West Coast power markets. He connected the dots on how California's RPS mandates could hinder its ability to meet a daily ramp in demand. Hardy also provided a candid assessment of the political constraints that might exclude Northwest hydro from playing a key role in alleviating California's ramping problems.

On the Fish and Wildlife front the Council voted to implement O&M improvements to the tune of \$320,000 for hatcheries and \$150,000 for fish screens to address aging infrastructure.

All Council Members were in attendance. The next Council meeting will be in Portland, Oregon, on December 12 and 13, 2017.

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### **The Agenda**

#### **Randy Hardy explores California's solar surplus problem and solutions**

Randy Hardy observed that what happens in California will inevitably will have major ramifications for what happens in the Pacific Northwest. That's because California makes up about 40 to 50 percent of the total Western Energy Coordinating Council (WECC) area load, he said.

In 2001, California passed a 50 percent renewable portfolio standard (RPS) and already, three investor-owned utilities are well on their way toward achieving that goal. They're currently at 30 percent of their power supply being supplied by renewables, and have to reach 50 percent by 2030. That's the framework within which decisions are being made in the state, Hardy said.

Moving forward, because new wind is transmission constrained the only way to get from 30 to 50 percent is more solar, which already is surplus. The impact continues to keep power prices low.

“One of the first consequences that will have for us, as well as for others within WECC, is that if you continue to acquire more solar to get to 50 percent,” he said, “we’re probably are looking at 10 to 15 years of power prices that are below 30 bucks.”

He added that predicting the future is a perilous endeavor, but unless fracking is somehow discontinued, or California somehow abandons its march to a 50 percent RPS — neither of which seem very likely— you’re going to have an enormous surplus that is going to force wholesale prices quite low, ironically, while retail rates go up, because all the solar costs you have with RPSs will continue to flow through to retail rates.

“It’s already had significant implications for Bonneville and for the hydro-based utilities in the region because they’ve lost an enormous amount of their traditional secondary sales,” he said. The combination of low gas prices and solar surplus has resulted in considerable rate pressure for Bonneville and other primarily hydro-based utilities in the region.

Hardy also outlined the midday surplus problem in California as peak load periods are shifting. “The low load time in California is now 2 p.m.,” Hardy observed. “There is no more heavy load hour/light load hour paradigm. It’s completely reversed. The peak load tends to be in the evening, when the sun goes down.” Therefore, as the midday solar surplus continues to grow, it will continue to increase negative pricing and curtailments in California.

He said that the irony is that you curtail so many megawatt hours of solar, which means you have to build that much more solar to make the 50 percent RPS. This exacerbates further the midday surplus problem. “So, you’re in this ‘chase your tail’ proposition that’s just crazy, but that’s where we are,” Hardy said.

### *The political climate isn’t helping*

Hardy said that the politics of California add to the problem. The governor and legislature have voted for 50 percent RPS, yet they are reluctant to acknowledge that it has some significant problems associated with it, he said. He added there are even some who believe that the duck curve is all just a big hoax.

“I certainly wouldn’t want to be Steve Berberich, who is the head of the CAISO, right now,” Hardy said. “Because they’re the only agency that is actually trying to solve the problem. Everybody else is off doing other things, some of it explainable and some of it not.”

To meet California’s evening ramp, Hardy pointed to hydropower as the most flexible resource. “If you’re going to address your evening ramp problem, you need full access to the full value of the intertie,” Hardy said. Bonneville will change its practices to get 15-minute scheduling on the DC, so the full, 7,900 MW of Pacific Intertie is available to the 15-minute market, he added.

Those are solutions. Get rid of the export fee, rely more heavily on hourly and 15-minute market transactions out of state, and get rid of the legislative mandate that prevents renewable importation from out of state – you’d go a long way. Hardy said these aren’t measures that require a regional ISO — they

could be done tomorrow. He said that the impediments are California's own regulatory impediments, the export fee and the lack of capacity payments, in particular. "There are solutions, or at least movement toward solutions, but they are ones that are not politically available right now," he said.

## Council Briefs

### [Paper on the value of conservation workflow discussed](#)

Member Karier briefed the Council on staff progress toward completing a paper on the value of conservation. The intent is to identify precisely the value of conservation to individual utilities and to BPA customer utilities as a group, both in the past and going forward.

### [The impact of hurricanes on natural gas prices are diminished](#)

The Power Committee received an update on this year's hurricanes' impact on natural gas prices. It turns out that the impact is less and less. After the 2005 and 2008 hurricanes along the Gulf Coast, prices spiked for several months, Member Karier said. However, that didn't happen in 2017. That is partly due to the fact that the Northwest is less dependent on natural gas from the Gulf Coast and our supplies are in surplus due to fracking and other reasons.

### [Columbia Basin Trust](#)

Officers with the [Columbia Basin Trust](#) provided an overview of its diverse initiatives, which include affordable housing, electric vehicle charging stations and preventing the spread of aquatic invasive species into the Pacific Northwest.